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(See 3d cover page.)

ECONOMICS IN ITALY.

Economics, as they have developed in civilized countries, during the period of their existence, are represented—and it is a well-known fact—by four distinct schools, two of them being, to my mind, essentially vicious, the other two simply incomplete. There are the socialistic school and the optimistic school; schools eminently partisan, inspired not by a dispassionate search for truth, but rather by the pecuniary interests of one or of another social class; schools, whose leaders, or better, whose adherents do not hesitate to maintain a falsehood, if it more surely lead to *that* practical result at which they aim. There are, besides, the classical school and the historical school, both inspired by a conscientious search for truth, having no other fault than that of working separately and almost opposedly, instead of harmoniously joining in those synthetic principles which shall draw from the history of economic facts the general law which governs the growth of their diverse manifestations.

Now, if we examine the development of economics in Italy from the middle of the century to the present time, we shall find that of the four schools already cited, one, the socialistic school, has never had among us a notable or even a mediocre representative. And, indeed, whether it be that our industrial growth, which is even now limited, has prevented the gathering of those great manufacturing masses which become the hot-bed of socialistic ideas; whether it be that the gentle Italian genius is opposed to thoughts of devastation and of death, too often the horrible corollary to socialism; whether it be that the prevalence and the pressure of political struggles make us indifferent to economic struggles—certain it is that socialistic theories have not had in Italy a single conspicuous

expounder. And not only have we no original representative of socialistic doctrines, but the theories of French socialism, as well as those more recently advanced in Germany, while they have won many readers among us, have made no prominent converts. Only recently an eminent Sicilian writer, celebrated for his profound knowledge and for his masterly skill in dealing with criminal sociology, has taken a position hostile to the economic conditions of to-day. Nevertheless, I should hesitate to consider Colajanni an upholder of socialism, for he does not treat the question of the basis of property, or of value or of profit, but limits himself to subjecting the present economic situation to criticism, sharp and true, indeed, in many cases, and to predicting the advent of a higher social phase. If this can be called socialism, I myself do not hesitate to take my stand in its ranks, because in all my writings—yes, and in almost every line of them—I have always been inspired by the most open hostility to a social situation so dishonored by injustice as is this with which we have to do, and I have had the firmest hope that humanity, weary of usurpations and of struggles, must be brought by the law of gradual development to a more peaceful and a brighter destiny. But, while I openly make this statement, and while I recognize the furtive character of capital proprietorship, I declare myself out of sympathy with the practical, the sanguinary side of socialism, and with the bloody seditions which it would substitute for the great, silent work of gradual evolution, in order to place society in a new and less barbarous position. Now, thus reduced to its true proportions, it seems to me that the criticism of existing economic relations cannot by any means be confounded with those socialistic theories which find so many acolytes in other countries, and which throw so many burdens upon the police force of Europe and America. This criticism is, to my mind, exclusively scientific; it does not invoke the applause of the laboring classes, nor does it seek to rouse them against property; but it seeks simply to discover the law which, independent of the wishes of man, determines the course of humanity. It is, in reality, a natural outgrowth of the classical school,

itself so critical and so pitiless toward the economic relations of capital, and a happy fusion of the findings of that school with those of the more recent historical school. It marks, in short, not a memorial of any party whatsoever, but the peaceful victory of impersonal investigation over the researches of the schools.

The absence of exposition of socialistic problems in the literature of Italian economics ought to assure the impartiality of official economists ; for they might have devoted themselves to a severe criticism of existing economic relations, with no fear that advantage would be immediately taken of their teachings—what has often come to pass in other countries—to rouse the masses against the dominant class. Unfortunately, this was not the case ; and the Italian economists, far from making use of the privileged position in which they found themselves to disclose the ill condition by which society was bound, and thereupon to trace the cause, made use of it to lull to sleep their speculations in the calm of optimism. Who shall say ? Perhaps a glorious sun, a heaven of enravishing blue, a gentleness of climate, and a smiling nature in a southern land, by fate's decree threw their rose-hued lenses between Italians and their science, and hid from them that disenchanting and inexorable film which the leaden sky beyond the Alps seems so naturally to interpose. Be that as it may, it is certain that economics in Italy appeared under optimistic auspices, and that that character, preserved for a long period, cannot be said to have departed even now from our literature. And this it is which I hope that these pages will show.

Economics in Italy, in their modern and scientific character, date from Francesco Ferrara, a Sicilian by birth, professor at the University of Turin, later a member of the Chamber of Deputies and Minister of Finance, and without doubt, the greatest genius of which the economic science of our country boasts. Ferrara is the author of no complete work but he has set forth his doctrines not only in able lectures, but also in a series of Introductions appearing in various volumes of the "*Biblioteca dell' Economista*", of which he was for a long

time editor, and which furnished translations of the most important foreign works on economics and finance. These Introductions, which fascinate the reader with all the charms which a brilliant style, varied knowledge, admirably elaborated, powerful thought, and polished expression can bestow, contain, besides a series of critical, biographical and bibliographical notes, most worthy of consideration, an exposition of Ferrara's theories, which form a symmetrical, and for the most part an harmonious whole. His system is grounded upon the theory of value, which, he declares, is the fundamental idea of economic science; and he develops it with great originality, not, however, without adopting much from Carey. With him, Ferrara opposes Ricardo's theory of value, as well as that held by Say, and takes refuge in the formula of the *cost of reproduction*, which he develops and illustrates with much ability. This favorite theory, which our economist advances at every step, seems to him to be the only one which can unite all economic phenomena under a single formula, since it accounts not only for (1) the value of those products which can be increased unlimitedly, but also for (2) the value of those products which are increased with ever greater difficulty, and even for (3) the value of those products which are absolutely limited in quantity. Nevertheless, in order to bring the last-mentioned class under his formula, Ferrara is forced to make a subtle distinction between physical reproduction, and economic reproduction, and he holds that the value of products of the third class is determined, not by the cost of their physical reproduction, which is impossible, but by the cost of those products which would be purchased, if the former could not be bought. For example, the value of one of Raphael's pictures is regulated by the cost of what the purchaser would select were he forced to do without the painting. In this manner, Ferrara believes that he has brought the various kinds of value under a single new law, thereby making advance upon Ricardo's theory, which covers, with two different laws, cases of competition and of monopoly. The answer is—and already the reader will have made it for him-

self—that the very conditions of competition and of monopoly are radically different, because in the first instance the producer cannot ask more than the article has cost him, while in the second case he can set his own price, and hence that the idea of uniting these diverse phenomena under a common law, is not tenable. And it may be added that sure proof of the dissimilarity of the two phenomena is to be found in the subtlety with which Ferrara seeks to reduce it; for his theory of the cost of reproduction applied to products which are absolutely limited in quantity, is only the old theory of supply and demand, which holds that the value of products rises to that point beyond which the consumer makes no further demand. But on this and on other criticisms with which the later Italian economic school did not fail to attack Ferrara, we cannot dwell, for the further development of the master's theories claims our attention.

The theory of the cost of reproduction is not only, to the mind of Ferrara, to unify the law of the value of products, but also to throw light upon all the relations of the distribution of wealth, and bring them to a single standard. Hence, says Ferrara: rent, profits, wages are but so many operations of the law of the cost of reproduction. It is especially upon the first of these three forms of revenue that English science has put its indelible stamp of usurpation, and it is especially to rent, that Ferrara directs his studies, and, firm in his theory of value, he sets himself to overturn the teaching of Ricardo, and to establish rent as the natural and legitimate recompense of capital and of labor. Here, too, the greatest American economist is the master of the greatest Italian economist, and if he does not at once admit with Carey, that cultivation proceeds from sterile to fertile lands, nevertheless he admits that economic progress renders newly cultivated lands the more productive, and hence an advantage is given to those lands, and the proprietor reaps an increase of income justly due to the better methods originated and employed by him. Thus rent stands as the result, not of an increasing cost of production, but rather of a decreasing cost of reproduction,

and bears no trace of usurpation or of injustice. Ferrara goes so far as to claim that rent, where it is not the reward of improved methods employed by the proprietor, is always the recompense of an *immaterial labor*, such *e. g.*, as the signing of a lease in a gilded drawing-room (*La firma di un contratto d'affitto in un dorato salone. Optimum mellifluis modulare carmina nervis!*)

This significant theory of the cost of reproduction explains, or pretends to explain, the whole problem of economics. And the reader has anticipated me in making the supposition that, in Ferrara's system, profit is determined by the cost of reproduction of capital, wages by the cost of reproduction of labor; which, in its ultimate analysis, amounts to saying that profit is determined by the supply and demand of capital, wages by the supply and demand of labor. Finally, even with the question of finance, this theory concerns itself, and taxes are fixed by the cost of reproduction of government service, as import duties must be adjusted to the limit marked by the cost of reproduction of the smuggler, etc., etc. The advancement of such ingenious relations cannot fail to recall the sentence, *Multa renascentur quæ jam cecidere*. For, are not these attempts at unification, which, in their form already indicated, have been so long forgotten, revived, perhaps to-day in the theories of the Austrian school? The *passé partout* which Ferrara found, or thought that he had found, in the cost of reproduction, the new school finds again in the law of *final degree of utility*, which explains the most diverse phenomena, value, money, profit, wages, rent, taxes, public loans, insurance; it explains them, or rather it cloaks them with the same garment. But every attempt whatsoever at unification, to my mind, does injustice to the essential difference between the phenomena; for *e. g.*, not only the phenomena of competition and of monopoly are not to be brought under one law, but the phenomena of circulation, or the relations among capitalists, are essentially different from the phenomena of distribution, where those who are free to act, the capitalists, are set over against those who are not free to act, the laborers. The

former relations are marked by equality, the latter by the greatest oppression, the most absolute tyranny. While unification, which tends to exhibit the relations of oppression under the semblance of equality, undoubtedly works to the advantage of the optimistic school, and that school develops it with that secret intent ; it does not work to the advantage of the cause of science, befogged and dragged beyond the orbit of reality by its fallacious reasonings. Nor less serious is the mischief which this course of reasoning does to financial problems ; for the effects which the same oppression and inequality bring into the constitution of finance, are falsified and concealed by a theory which holds that citizens possessing unequal wealth find themselves treated equally in their relations with the State, and bear in her deliberations an equal influence.

It is by no means any intention of mine to combat Ferrara's theories, abandoned to-day as they are by even the most impenitent free-traders. I will say only this, that contradictions multiply in a theory, which on the one hand denies the existence of rent, and defies the theory of Ricardo, and on the other hand recognizes and magnifies the importance of Malthus's Law of Population, while yet graver contradictions are found in confronting Ferrara's theories with the record of his political life, for *e. g.*, this economist, who had so long contended against indirect taxation, and, above all, against corn-laws, had no sooner become Minister, than he favored the odious grist tax (*macinato*). These considerations, by which it is unnecessary that the reader be delayed at this time, I willingly pass over, adding only this statement that Ferrara's theories soon became those of all the Italian economists, that they were accepted even by Minghetti, and reproduced in one of his celebrated works, and that Ferrara occupied for a long time a solitary and colossal position in the economic literature of our nation. But this eminent position, built upon the marvelous talent of the writer, and not on the truth of his dogmas, this glory that was laid in sophism, ought not, could not endure, and Italian thought had but succeeded in releasing itself from the influence of the illustrious theorist, when

the scientific system which he had created was seen in its true character, nor had it another follower.

At the most brilliant point reached by Ferrara's school, certain noteworthy economists had already shown that they would not be held by his partisan theories, and on their part, instead of repeating the eulogies that the master had pronounced upon the economic system, they preferred to make a dispassionate study of economic laws. Among the economists least affected by Ferrara, I should place Antonio Scialoja, had not the cares of State too early put an end to his scientific work. But among them must surely be numbered Gerolamo Boccardo, who in his treatise on Political Economy, which has still a charm for the Italian youth, defends the true theories of Ricardo, divesting them of the rigid and heavy form in which they have been presented by the English economist. It was, however, especially in the field of technical research, that Ferrara's school suffered its first defeat; for this school, besides bringing a partisan criterion to the study of social facts, dared to introduce party considerations into the non-partisan problems of circulation, of finance, and of statistics. So that it is most natural that the excessive exaggerations of the optimistic school should be the first attacked by criticism, and that the first indication of a scientific theory of economics should appear in the treatment of those questions in which a partisan spirit is most unsuitable and disastrous. Among the leaders of these investigations may be mentioned Baer (*Wealth and Taxes—L' Avere e l' Imposta*) and Pescatore (*The Logic of Taxes—La Logica delle Imposte*), both of whom gave much impartial study to financial relations. But the real author of the reaction against the theory dominant at that period is undoubtedly Angelo Messedaglia—a mighty genius, technical rather than philosophical, analytical rather than synthetic, a powerful and acute investigator of the laws of statistics, and a distinguished student of physical and mathematical science. Messedaglia was less than all others drawn to researches into the most burning problems of economics and more than all others inclined to studies, which in that they

were more minute and demonstrative insured a greater impartiality. He instituted a series of investigations in reference to population, public loans, money, land tax, not proposing to effect the triumph of any one school, but to lay bare the intimate relations of economic phenomena, and to establish their various manifestations. In these researches, which resulted in many very valuable monographs, every phenomenon is studied with mathematical exactness, every relation carefully examined and subjected to the most minute analysis ; the opinions of writers are scrupulously interrogated and duly criticised ; the various elements of a fact are placed side by side and wisely compared ; everything, in short, which analysis apart from synthesis can give, is to be found in these admirable writings, which for their exactness, sobriety and conscientious investigation, furnish that which is best in our economic literature. In the works of Messedaglia are to be found all the excellencies which are lacking in the writings of Ferrara, as, on the other hand, it is just to recognize that no trace of the excellencies which belong to Ferrara appears in his successor. Indeed, you will look in vain in the writings of Messedaglia for a directive idea, which shall search the immense scientific mass and quicken it, and in vain, too, will you look for a single thought to throw light for you on the economic system under which we live, on its origin, on its destiny ; while the cold and almost inanimate pages of the Veronese economist, the irregular and unsymmetrical movement of his writings, and the lack of sequence which often appears, contrast strongly with the brilliant style, the forcible and vivid phrases, the wonderful connection of ideas, and of parts, which are so characteristic of the distinguished Sicilian. And Messedaglia does himself no little harm by the excessive eclecticism, notable not only in his doctrines, but in his methods, which swing continually from deduction to induction ; for the latter mode of reasoning is not limited by the author to a final regulator, to a test of theories deductively discovered but it is permitted to check the very process of deduction, which is then turned from the free course of pure logic, and held by the facts

that crowd about its path. Hence these two methods bring no help, the one to the other, but become entangled, and, like all else hybrid, lessen the fruitfulness of investigation, and the author, too positive in the theoretical portions of his writings, and too theoretical in the practical portions of them, does not always reach that profundity and those important results to which his great genius might have led him.

Naturally, however, the points which I have noted do not subtract from the considerable value of Messedaglia's writings, which present new and characteristic elaborations of economic questions. In his essay on population, which is, unfortunately, unfinished, and which does not go behind the abasis of Malthus's views, Messedaglia has introduced a noteworthy correction; for he justly observes that the two progressions of subsistence and of population cannot advance separately and independently, but that, on the contrary, the latter is rigidly limited and held in check by the former, and that it is precisely for this reason that there are to be obtained different results from those set forth by Malthus. For, given the progression of subsistence 2, 3, 4, 5 —, and the progression of population 2, 4, 8 —, it is evident that the second term of the second series is speedily reduced to 3 by the corresponding limit of subsistence, which is unable to support the excess; whence the doubling of the population must be based on the term 3, and in the succeeding period cannot pass beyond 6. Now, this term, confronted with a subsistence of 4, becomes reduced to 4, and doubling itself brings the population in the following period to 8; wherefore the real progression of population is not, as Malthus thinks, 2, 4, 8, 16, 32, —, but 2, 4, 6, 8, 10, —. In other words, the progression of population is not a geometrical progression, but an arithmetical progression, its common difference being double that of the progression of subsistence. This observation of Messedaglia's is highly important, as are also most important the studies which he has made in reference to the statistics of population, indicating in his valuable work on "Average Life" (*Vita Media*), a work beyond the scope of our present article,

the methods of their determination. Most excellent, also, is his study of public loans, in which he examines carefully the various questions of their emission, conversion and redemption; and of no less importance is his recent work on money, in which he deals most ably with the history and statistics of the precious metals, with the question of legal tender, with the corruption of money in the Middle Ages, and discusses fractional currency, monometallism and bimetallism, the history of prices, etc. This latter work, however, bears evidence, greater perhaps than do all the others, of that oscillation between deduction and induction, to which already allusion has been made; for long technical disquisitions, detailed inquiries into the state of monetization in various countries, a constant return to the struggles of types and to a multitude of other practical problems, preoccupy the author's mind and lead him away from much more important questions, such as the value of money, the distribution of the precious metals among the nations, hoards and their functions, the influence of credit on prices, etc. Finally, in his important parliamentary report on the equalization of the land tax, Messedaglia studies the history of the cadastre from the earliest times to our own day; he studies the constitution of the land-tax in the most diverse regions; and, with remarkable acuteness, he discusses its nature and character; he gives, in short, a splendid monograph, that might be called perfect, if here, too, his deductions were not sometimes restrained by excessive reserve and circumspection. A point in proof is the argument which Messedaglia uses against the consolidation of the land-tax. Though he agrees to the consolidation of rent with the price of land, he declares that the consolidation of the land-tax, while reasonable in theory, cannot be put into practice; for to other reasons he adds the following: that in the consolidation of an increasing tax with a decreasing price of land an estate may become less productive, and be the cause of loss to the proprietor. Now, it is easy to see that this argument has nothing to do with the consolidation of the tax, and does no more than indicate the existence

of causes which affect the productiveness of the land, and which, notwithstanding the consolidation or the equalization of the tax, make necessary periodical censural revisions, that thus there may be a correction of the inequalities in the condition of proprietors, inequalities which are independent of the differences in taxation. But, I repeat, these criticisms and others which could be made of the works of Messedaglia do not lessen the high admiration in which I hold the illustrious economist, nor that in which he is held by the youthful band who gather reverently around the great master, Messedaglia stands as the greatest economist of New Italy. and he leaves upon the history of our national thought an impress which time and its progress will not be able to efface.

The strictly scientific method which Messedaglia applied to subjects purely technical and foreign to social problems was afterwards applied by other reputable economists to the more vital questions of the distribution of wealth. Among these writers especial mention must be made of Emilio Nazzani, who, while the official school was still striving to throw a veil over the most grievous phenomena of our economic system and to deny the unrighteousness of the modern distribution of wealth, courageously studied the laws of rent, of profit and of wages, developing, amplifying and correcting Ricardo's theories. For this and for other reasons the appearance of Nazzani in the scientific arena must be considered as indicating the commencement of a new era for Italian economics; for with him they were to rid themselves of optimistic falsifications and inaugurate a rigorous and bold criticism of the relations of production. It is not to be said that either Nazzani or the other economists of that school carried to its utmost limit the criticism of our economic system; on the contrary, it is to be noted that they were possessed of such timidity that they were prevented from attaining the largest results from a criticism which had been so powerfully initiated. In the question of the redistribution of wealth, *e. g.* in his theory of rent, Nazzani seeks to temper the pessimistic character of Ricardo's theories, and in problems relating more properly to the distribution of

wealth, *e. g.* in his theory of profit, he repeats the old optimistic theory of Senior, based on abstinence, while he opposes every attack on capital. But there still remain the importance and the critical character of Nazzani's work, which has overturned the sophisms of apologetic science in Italy, and has laid the foundations of social criticism, opening the way for the present generation to bring the criticism to its completion.

The glory of this scientific revolution, which has re-established the better fortune of economics in Italy, belongs with Nazzani to Luigi Cossa, Fedele Lampertico and Luigi Luzzatti. The first has spread and defended among us the doctrines of the English school, harmonizing them with the most noteworthy conclusions reached by German thought (disseminated in Italy also by Cusumano) together with the doctrines of the French, Spanish and Dutch schools, for in their doctrines he is remarkably well versed; and he has given to economic science a valuable and original essay on the limits of production. The second has reproduced in an ample treatise, the English and German theories. The third, finally, has combatted with great eloquence the principle of *laissez-faire* and in his writings and parliamentary speeches, he has valiantly defended and wisely and practically applied social legislation.

While these writers were thus engaged in upbuilding economic science in Italy, others were solidifying it by an able application of the historical and statistical method. Cognetti studied the primitive forms of economic progress and the origin of socialism, recording the results of his labors in several books that bear evidence to his perspicacity and knowledge; Toniolo made a study of the factors of the economic power of Florence in the Middle Ages; Vanni used the positive method in dealing with the theory of population; Manara and Masè-Dari drew from statistics many data that bear upon the question of rent; Rabbeno, in several essays bristling with facts and ideas, studied co-operation in England and in Italy; Mazzola studied the insurance of operatives in Germany, and its application to Italy was made by C. F. Ferraris. But while

researches were being pushed forward in the urgent field of the distribution of wealth, there kept appearing publications of a more purely technical character on banking, commercial, and financial questions. Among these publications the first place is indisputably occupied by Pantaleoni's "Theory of the Transference of Taxes" (*La Teoria della Traslazione dei Tributi*), the able work of a man of the first rank, in which the complications to which the reactions of taxes give rise are investigated with a marvelous acuteness not equaled in the pages of any other Italian writer. Pantaleoni's book is a brilliant exposition, and in part a skillful correction of the doctrines of the English school, and is in itself sufficient to demonstrate how very considerable is the progress which investigative science has made in our country. Record should be made also of the studies of Magliani on "The Monetary Question" (*La Questione Monetaria*) which set forth a most noteworthy and profound criticism of bimetallism; and of the writings of Ferraris, Stringher, Piperno, G. Luzzatti, De Viti, Benini, all of them in reference to monetary questions, which no less to modern Italian economists than to their predecessors, prove attractive. Notice should be taken, too, of the very admirable work of Supino on "Navigation from the Economic Standpoint" (*Navigazione dal Punto di Vista Economico*), in which the numerous problems relating to freight, to the cost of navigation, to the economics of maritime enterprise, are discussed with remarkable ability. And we must add the writings of Alessio and of Valenti, on value; of A. Rossi and of Benini, both of them protectionists, on the balance of trade; of de Jehannis, of Dalla Volta and of Martello, all free traders, on value, socialism and banks; of Zorli, of Alessio, and of Tuviani on questions of finance; of E. Cossa and Sartori, on agrarian economics, which, in various aspects, merit honorable mention. Nor have we completed the list of writings which are not immediately connected with the most urgent themes of economics, without including the series of works on the early Italian economists, which a band of strong thinkers (Cusmano, Ricca-Salerno, Gobbi, Supino, Conigliani, Grazi-

ani, Balletti, Fornari, Sinigaglia, Errera), are engaged in publishing under Cossa's direction.

The great triumphs, which in later years have attended the rise and development of the so-called Austrian school, could but exercise their magic influence on the Italian mind, already—to speak truthfully—too easily disposed to follow the progress of Ultramontane thought. It is, therefore, no matter of wonder that numerous writings appear, which reproduce, comment on and illustrate the theories of Jevons, of Menger, of Boehm-Bawerk, of Sax and of Wieser. The theories on value held by this school are accepted by Graziani in his excellent critical "History of the Theory of Value in Italy" (*Storia Critica della Teoria del Valore in Italia*), and in part by Pantaleoni, in his valuable "Manual of Economics" (*Manuale di Economia*), and by Alessio, in his work already mentioned; while the theories of Sax on finance, carefully reproduced by Ricca-Salerno in his learned "Manual of Finance" (*Manuale di Finanza*), are accepted with slight modification by Conigliani in his able "Theory of the Incidence of Taxes" (*Teoria dell' Incidenza dell' Imposta*); and Mazzola (*Scientific Data of Public Finance—Dati Scientifici della Finanza Pubblica*), who apparently assumes a position hostile to Sax, but in reality reproduces with some inconsiderable correction the fundamental doctrines of the latter. With this enthusiasm the less serious, because the more unpremeditated, I, for my part, do not sympathize, and though I hold in high esteem the ability of the Austrian economists, I am forced to consider their scientific expositions as a deviation and a retrogression, a deviation from the rigid and exact researches of the classical school, and a retrogression toward the unfruitful theories of the optimistic school. I am firmly convinced that the reaction recently initiated against that school by Bonar in England, by Dietzel in Germany, and by Macvane in America, must result in a large triumph, and that that school must in the gradual advance of economic thought represent only a period of repose, during which economists pause for a time before passing from the theory of *redistribution*, which made the glory of the sci-

ence of the past, to the theory of *distribution*, which is to make the glory of the science of the future.

Finally, it should be added that economic studies have received in Italy a most generous impulse from the "*Giornale degli Economisti*," a most excellent review, edited by a corps of able writers, and assisted by eminent contributors, all of them of anti-protectionist tendencies.

The development of contemporaneous economics in Italy presents first a period of the absolute domination of Franco-American optimistic theories under the intellectual dictatorship of Ferrara, followed by a period of direct and wise restoration of the theories of the English school under the influence of Messedaglia, Cossa and Nazzani, with certain deviations in historical researches and certain applications of social politics, due in great part to the influence of social legislation in Germany. But if such indeed is the *external* history of Italian economics, we may now push investigation to a farther limit, and ask what is the *internal* history of economic science in Italy, what is, in other words, the intimate cause which has determined its advance and its successive transformations. In order to understand its advance, it is obvious that we must consider the gradual growth of economic relations, of which scientific growth is but the ideal reflection; so that we are led to glance rapidly at the economic evolution of the Peninsula.

All students know that the feudal system did not have in Italy that long and brilliant existence which it had in the other countries of Europe, and that the power of our republican cities soon brought about the ruin of the lords of the manor. The destruction of the feudal system, which occurred throughout Italy during the thirteenth and fourteenth centuries, brought with it the disappearance of serfdom, whence the very foundations of profit were threatened, for they were laid on serfdom. But in the very moment in which the mediæval basis of profit was destroyed, a basis wholly modern and most stable was adroitly substituted, by systematically withdrawing all landed estate from the liberated serfs. Italy understood sooner and better than any other nation that modern

profit is grounded on the privation of landed estate, which is experienced by the greater part of the nation, in other words, on the expropriation of the laborer; and instead of securing this end by those violent means which are a dishonor to the history of other European countries, the result was quietly gained by a most simple and obvious method, viz: by granting the serf his freedom on the condition that he cede the land held by him as proprietor. By this means the Italian serf became converted at once into a wage-earner, for, seeing that he was cut off from the land, he found himself forced to sell his labor to the capitalist for so much as the latter pleased to give him.* When first the capitalist became the potent factor in Italian economics, the circumstances of the laborers were fairly satisfactory, and the little savings that had been accumulating during the period of their servitude, permitted them to make better conditions with the proprietor, and, indeed, to have a part in his profits. Such, at least, was the state of things that obtained in agricultural economics, where the metayer system (*Mezzeria*) became the most general form of production. But this form of production, crippling the gains of the capitalist, checked the accumulation of capital and its concentration, so that it made impossible the rise of large manufacturing interests, while it assured the persistence and vigor of independent artisans. Hence the principal features of social economics in Italy were summed up for a long period in the decentralization of capital, in the metayer system and in small industries; they presented a rachitic form of capitalism, which was characterized neither by the brilliancy nor by the tremendous losses in which the social economics of England, of France, and of Germany became involved.

Now this network of economic relations created a scientific literature, which was its natural reflection. Indeed, a profound and scientific theory of the distribution of wealth could not, as may be readily understood, be formulated in a country where the phenomena of distribution bore no sharp nor decisive character, and where there was no opportunity for the rise of

Cfr. my Analysis della Proprietà Capitalista, Turin 1889, II. 450.

the strident conflicts to which the most developed economics of capital give rise. Wherefore all that has been written by the Italian economists of past centuries concerning the distribution of wealth is of not great value, and the eloquent controversies over the poverty of the peasants and of the laboring classes do not pass beyond the restrictive limits of sentimental literature. The Italian student, excluded by reason of the imperfections of the existing economic situation from the possibility of studying fundamental social relations, turned himself zealously to investigate the more superficial economic conditions, the development of which, being independent of that of more profound economic relations, had had opportunity to exhibit itself even among us. Whence those numerous writings on money, which make the better portion of our economic literature ; and those numerous publications on commerce, on usury and on taxes, which treat of economics in their exterior and better defined manifestations, while the investigations on value, which rapidly followed one another in that epoch, are limited to a more or less careful analysis of necessities, of utility, of competition, or of monopoly ; but they do not show even the influences by which the phenomenon of value becomes involved in the most profound relations of capital and of profit, and in the technical organization of production. Certain it is that the nearer we approach the present day, the easier it is to detect among Italian economists some evidence of a serious analysis of the economic structure of society ; there are already some traces of it in the interesting works of Ortes, and in the scholarly writings of Galiani, Beccaria, Verri, Genovesi, Pagnini, etc. But in these writers, as indeed in others of that period, one looks in vain for that exact appreciation of economics, which is apparent in the works of the English writers who were their contemporaries.

With the opening of the nineteenth century, capital in Italy took on a more vigorous development and a power which it had not known before ; and even if, especially in the south, its growth was yet arrested by certain feudal entanglements, it kept everywhere creating those conflicts and those interesting

relations, too, which are so generally characteristic of modern economics. It seemed, therefore, that those causes, which from the outset had wrecked economic doctrines, had disappeared and that the scientific era of economics might open for Italy. But at this moment a graver matter occupied the heart of the Peninsula and united Italians in a supreme desire for national unification. And even if this desire resulted from economic causes—for it was capital that sought unification that it might develop itself more freely—the irruption and the urgency of the struggle, the greatness of the danger, the insurrections, the misery, the martyrdoms which preceded and accompanied the uprising, fatally distracted the mind from the arid study of social inequalities; for then they seemed forgotten in the sympathy of united feeling, which the battle ground created between the rich man and the poor man, and in that strong alliance which drew together the sons of the Italian soil against the foreign oppressor. It is not, then, to be wondered at, if in such circumstances there did not yet appear an Italian theory of the distribution of wealth, not because the capitalist system was not developed in Italy, but because political conditions concealed its advance and checked its exact study. Nor is it surprising, if those few thinkers who pursued economic inquiries, found themselves powerless to search the depths of economic relations, and were drawn by the inevitable superficiality of their view to optimistic doctrines. Nor, finally, is it singular, if even at this time we do not find in the works of our economists any notable contribution to the theory of the distribution of wealth or to the analysis of property, while there are most significant investigations on the exterior forms of economics, on money, on commerce, and on taxes.

But when, in 1870, the longed-for unification of our country was accomplished, and internal and international political relations were placed on a firm basis, the circumstances which had been opposed to the establishment of economic science in Italy, ceased to exist. At the same time the investigations of students were claimed by those distressing phenomena which are the inevitable issue of the economics of capital. For while our

statistics showed the vicious distribution of wealth, especially of landed estate, the extension of large landed possessions, the increase of leases, the abuses of banks and railroad companies, able writers revealed the miserable case of the laboring classes and the wretched condition of the rural population. Sonnino, Franchetti Villari, Signora White-Mario Lombrose, Stivanello, and Mortara presented the situation of our agricultural classes in a series of admirable and memorable monographs, while the great "Agrarian Inquiry" (*Inchiesta Agraria*) added a large contribution of facts and of considerations pertinent to the question, while its official character strengthened its authority and importance. In the Inquiry, Emilio Morpurgo described in dark but true colors the great misery of the agricultural classes in Venetia, while the reports of Jacini, Angeloni, Branca, Tanari, Damiani showed that Italy had reached an equalization of sorrow, since through the farthest provinces echoed the same wail, the same imprecation. At this time the publications of *Ufficio di Statistica* due to the indefatigable labor of Bodio, placed the condition of the operative class in an unfavorable light, and the reservations and modifications of official comment endeavored in vain to moderate its effects. In the face of so great an outburst of facts, the fair doctrines of Ferrara were suddenly undone and disappeared in the abyss of by-gone theories. A new spirit of research and of criticism revived economic thought from one end of the Peninsula to the other, and a legion of young students, animated by strong faith and ample knowledge, dedicated themselves to researches into social problems, confounding the falling remnant of bourgeois science. And it is due to these champions of thought, that to-day Italy holds in economics a place much superior to that held by France or even by England, and not inferior to that held by the most cultivated and advanced nations.

Now that capital proprietorship is sovereign in our land and has assumed most powerful dimensions, the conditions of Italian economic science do not differ from those of other nations, nor can they attach themselves to any specific phase of national government. Various obstacles, it is true,

rise even now to check our economic growth ; and foremost among them are the paraded contempt which Italian politicians affect towards economic science and their real ignorance of the results which it has reached—an ignorance all the more deplorable because it is in no small part accountable for the chronic disorder of Italian finances. To these must be added the interest which the Italian youth take in other questions, as in criminal science, certainly most important ; as so much less important than economics, as the study of a single diseased member is of less importance than the study of the entire human organism.

The viciousness of the imitation of what is foreign, against which Cicero, long ago, and Genovesi, nearly eighteen centuries later, have counseled Italians, manifests itself undoubtedly even in economic literature, in the eagerness with which our economists welcome every theory that comes from abroad, while very often they pay little heed to the teachings of their fellow countrymen. This is a grave—the gravest—fault of which our economists are guilty, and in no small degree it retards scientific development in Italy. But it is just to add that this fault, too common among the earlier and less intelligent critics, is disappearing from among the later and more scholarly students of science, and that Cognetti, Pantaleoni, Salandra, Rabenno, Manaro and Supino, who stand for the flower of Italian talent, are wholly free from such tendencies. There is no doubt, on the other hand, that the even now imperfect development of manufacturing industry in Italy makes less easy and less successful the analysis of the phenomena of capital, while the disparity between agricultural conditions and the constitution of landed estate in different provinces, render it less easy to discover a general law of agrarian phenomena. But these obstacles, which are yielding little by little, are not, as I believe, an impediment fatal to Italian economics ; for the stationariness of population and the small proprietorships existing in France and the feudal constitution still obtaining in Germany have not prevented among those nations the rise of original and flourishing economic schools ; and on the contrary, I think

that the prevailingly agricultural development of our national economics will afford the better opportunity for our scientific thinkers to trace the hidden springs of the economic system and conceive its synthesis. Indeed, the true *raison d'être* of social relations lies in the relations of landed estate; and only to its analysis may we look for a solution of the theoretic problems yet unsolved; and this is a truth which the great English economists have discovered, which some illustrious German economists *e.g.* Thünen, have understood and ably demonstrated; but which contemporaneous economists, turned aside by the appearance of phenomena, persisted in ignoring. Upon the economists of Italy who have already had experience of the scientific impotence of the schools that will not consider the question of landed estate; upon those whose constant object of thought and of study is the constitution of landed proprietorship; upon them it is incumbent to follow in the path so successfully traveled by their great predecessors, and to confront the economic theories beyond the Alps, which are the science of darkness, with an economic theory eminently Italian, which, based on the analysis of landed proprietorship, shall illumine the entire social fabric.

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